

## **BLOOMFIELD TOWN COUNCIL**

### **FINANCE SUBCOMMITTEE**

There was a special meeting of the above referenced subcommittee held on Tuesday, October 18, 2016 a 5:45 p.m. in Council Chambers, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Committee members present were: Councilors Hypolite, DeLorenzo, Seldon and Merritt, Deputy Mayor Schulman

Also present were: Councilor Rivers, Philip K. Schenck, Jr., Town Manager, James Wren, Director of Finance and India Rodgers, Clerk of Council

Guest: Barry Bernabe, Financial Advisor – Phoenix Advisors

The meeting was called to order at 5:48 p.m.

#### **Old Business**

##### **Discussion of Refunding Bond Saving Allocation**

Councilor Hypolite requested clarification regarding the recommendations on how bond are structured for potential savings and utilization of future funding.

It was noted that the next bond sale is scheduled for November 15, 2016.

A graph was presented with the United States 10 year Treasury bond long term interest rates. The historical perspective show interest rates are very low at this time. However, with the same benchmark referencing the beginning of 2016 to present day, rates are starting to increase.

The Town of Bloomfield current bond rating is AA+ with Standard & Poors and Aa2 with Moody's agencies determining borrowing costs.

Mr. Barry Bernabe, Financial Advisor from Phoenix Advisors presented four scenarios outlining potential bond savings and recommendations for allocation

The Town of Bloomfield has an opportunity to refinance the 2010A and 2011 bond issues. All savings metrics below are after all estimated issuance costs. The savings change daily and is not locked in until the transaction is completed. (see attached)

Scenario #1 – 2010A/2011 issues provided a uniform saving of approximately 1.2 million. The savings would average the same in each year and is very efficient to savings the town money.

Scenario #2 – 2010A/2011 issues provided an upfront savings of approximately 1.080 million. The bulk of savings would be received in earlier years and smaller amounts in subsequent years. The benefit to this scenario is to keep debt service flat. The savings could be in unassigned fund reserve that will grow. The town would have the flexibility to use these funds to mitigate potential issues with future capital needs.

Scenario #3 and #4 - 2010A if interest rates increase – less maturities would become economically viable, the refunding issue would be smaller.

Mr. Philip K. Schenck, Jr., Town Manager recommended Scenario #2. This scenario would give the town the flexibility to manage future capital projects with several variables of: timing and scheduling on projects, additional debt service added and existing debt service requirements.

Councilor Hypolite asked for clarification for the efficiency in savings of scenario #2.

Mr. Bernabe stated that refunding fewer bonds in earlier years (2018, 2019, 2020, 2021), would defer principal with remaining bonds in later years. Scenario #2 is longer weighted with average maturity.

It was moved by Councilor Merritt, seconded by Councilor Seldon and voted unanimously to recommend Scenario #2 to provide flexibility to manage future capital projects as well as lower debt service.

#### Update on State Reimbursement – School Renovation Projects

Mr. Wren gave a brief update regarding state reimbursement of residual equity with the State Department of Education school projects. All change orders are being reviewed for school projects and state reimbursement funding is expected to be recouped and return to the town within the next 12-15 months.

#### Analysis of Mill Rate

This subcommittee also had an extensive discussion regarding the Analysis of Mill Rate impact for potential referendum projects.

Mr. James Wren, Director of Finance presented a brief overview of the mill rate impact for approximately \$34 million for 2 projects (Park Avenue and the Public Works facility).

The subcommittee discussed other factors including the normal budgetary process, existing and new debt.

#### Public Comments

There were no public comments.

#### Approval of Minutes

It was moved by Deputy Mayor Schulman, seconded by Councilor DeLorenzo to approve the minutes of September 19, 2016.

VOTE:            AYE: W. Hypolite, S. Schulman, J. Merritt, P. DeLorenzo  
                     NAY: None  
                     ABSTAIN: D. Seldon

The motion carries, 4-0-1.

#### Adjournment

It was moved by Councilor Seldon and Councilor DeLorenzo and voted unanimously to adjourn the meeting at 6:40 p.m.